



# Hog Margin Outlook

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Friday, December 10, 2010

Hog Prices: ↔ Soymeal: ↓

Corn: ↑ Cdn Dollar: ↓

US Slaughter	
424,000 – Thursday's	
418,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$68.19
Western Corn Belt	\$67.99
Daily National Price	\$69.33
Daily Sig3(M.Leaf)	\$125.85
Daily Sig4(M.Leaf)	\$124.27
4-Month Fwd Avg	\$136.59
#1 Export Sows (+500lbs) \$39.60 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0098CAD / \$.9903US	
<b>Cash Prices: Week Ending December 10th, 2010</b>	
55.25/121.81 Signature #3	
56.25/124.00 Signature #4	
54.48/120.11 MPMC Cash	
52.25/115.18 Springhill	

*This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.*

**Forward contract prices opened steady this morning.** U.S. cash markets are finishing the week on a higher trend as packer demand is now exceeding the available supply. Packers are attempting to increase their inventory of fresh product ahead of the Christmas rush, while producers are seeing lower hog numbers in line with normal seasonality. Wholesale pork prices are seeing the most support from the primal cuts destined for the fresh market. February and April lean hog futures are also taking the lead of the cash market by trading firmer and maintaining a better than average premium over cash prices. The Canadian Dollar is still trading firm at near U.S.\$0.99 as Canada's housing market continues to make gains in 15 of the last 16 months.

**Canadian delivered soymeal prices opened lower this morning.** News that China may be looking to slow deliveries of U.S. soybeans due to lower crush margins is having a negative effect on soybean prices this morning. As well, forecasts for rain in northern Argentina are contributing to the bearish movement. Nevertheless, traders are still anticipating a decrease in ending stocks, which could provide support for prices.

**Canadian delivered corn prices opened higher this morning.** The USDA announced a sale of 294,000 tons of U.S. corn to Mexico yesterday, which is working to move corn prices higher this morning. As well, uncertainty regarding the possible decrease in today's Supply and Demand Report is having a bullish impact. Argentina is continuing to see dry conditions; however, neighboring Brazil is experiencing favorable weather for crop development.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)			121.99	132.66	134.09	138.64	155.38	156.31	158.20	154.15
			129.41	136.37	137.80	148.41	158.64	160.97	160.06	158.81
(Maple Leaf Sig. #4)			123.79	132.23	134.52	137.05	150.02	154.16	153.82	153.70
			128.46	134.75	136.67	144.43	153.80	156.32	155.36	155.32
Estimated Hog Margin			6.80	12.74	15.01	19.06	26.60	27.98	27.20	25.41
Soymeal Delivered		401	401	403	403	411	411	412	412	413
Corn Delivered		228	228	230	232	234	236			



## Rothsay Animal Vegetable Feed Fat

\$713/tonne ↑ (2 – 19 mt)

To place your order call 1-866-768-4729

\*Price quoted is FOB Southeast Manitoba

